

Falling Barriers: The CHP Investors' Turn

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Everything is Falling into Place

- Restructuring of the energy industry: more players on the field.
- Momentum for environmental responsibilities: everybody wants to be green.
- Trends towards distributed energy: less burden on distribution systems.

The Transition in the Global Energy Industry

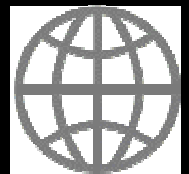
From:

**Monolithic Provider of
“Public Service” under
Social & Environment
Constraints**



To:

**Decentralized, Customer-
oriented Service Business
in New Market Niches**



Synergy:

**Sector
Reform**

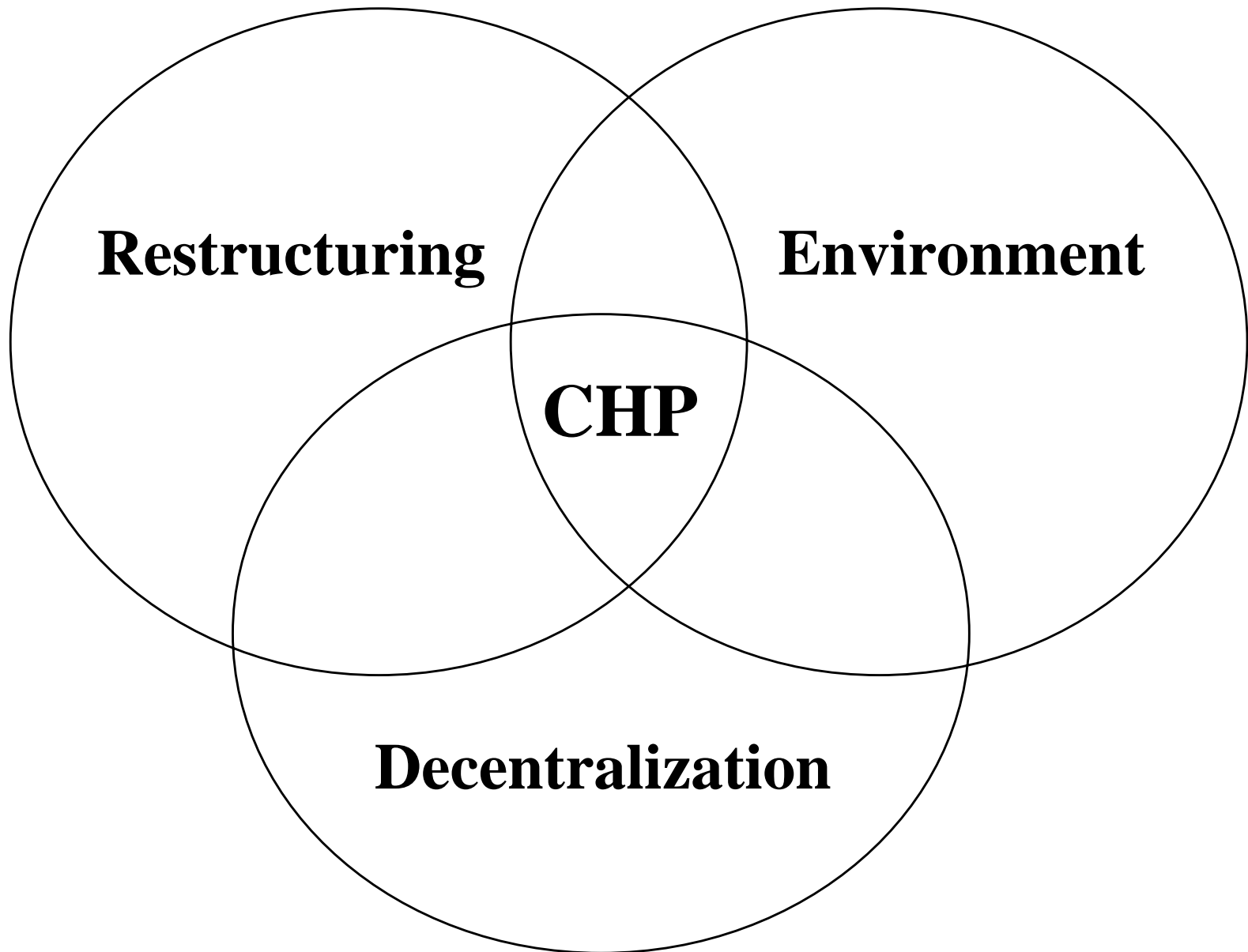
and

**Decentralized
Energy**

- Eliminate monopoly of urban utility over decentralized supply
- Bring local entrepreneurs and communities into the market



The Magic Constellation



New Questions

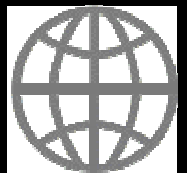
Are the poor benefiting from sector reform?



Are there environmentally sound business opportunities being missed?



Are enough entrepreneurs attracted to all parts of the energy market?



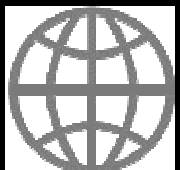
Opportunities in Emerging Economies

- Restructuring:
 - Latin America model of full market reform proved
 - most robust in a crisis. Deep restructuring is “in”.
- Environment:
 - Local pollution clean-up is big business.
 - Plus: Clean Development Mechanism Opportunities.
- Decentralization:
 - District energy at municipal level.
 - Off-grid energy, small-scale CHP.
 - Distributed energy where T&D is weak.

World Bank Group Strategies Respond to the Challenge

- Power Sector Reform and Efficiency Policies.
- Rural Energy and Development: Improving Energy Supplies for Two Billion People
- Fuel for Thought:
An Environmental Strategy for the Energy Sector
- Energy Strategy (forthcoming).

<http://www.worldbank.org/energy>



World Bank Group in Action

- Eastern Europe:
Energy Sector Reform, and rehabilitation of district heating.
- Latin America:
Energy sector reform, and energy efficiency assistance.
- Asia:
Energy sector reform, and focus on efficiency, renewables, and cleaner coal use.

The Favorable Market Infrastructure is Emerging- What Next?

- Investors/Entrepreneurs have to step in:
 - utilities
 - developers
 - industrial and commercial
 - ESCOS
 - small local
- Windows of opportunities are opening with deregulation, environmental standards, local initiatives - use them.
- Move beyond project finance, look for innovative financing.